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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000681

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SUBJECT: ITALY: BERLUSCONI'S IMPRESSIVE START: DELIVERING
ON CAMPAIGN PROMISES, HIGH APPROVAL RATINGS

REF: A. ROME 0472...

Classified By: Ambassador Ronald P. Spogli for reasons 1.4 (b) and (d).

SUMMARY

1. (C/NF) Capitalizing on his strong electoral victory and a weak opposition, PM Berlusconi is enjoying high approval ratings for his quick delivery on campaign promises to reduce taxes and increase security. Since April, Berlusconi has dominated the Italian political stage. By reaching out to the opposition and keeping his allies placated, Berlusconi is also cutting a more statesman-like figure than in previous terms. END SUMMARY.

BERLUSCONI SETS UP GOVERNMENT WITH RECORD SPEED

2. (C/NF) Berlusconi's overwhelming victory in Italy's April 13-14 parliamentary elections earned his center-right coalition a comfortable majority in both houses of parliament (REF A). Despite early predictions that the success of the Northern League (LN), Berlusconi's populist and sometimes anti-immigrant coalition partner, would complicate the government formation process, Berlusconi was the first PM-designate in the history of the Italian Republic to present the President his list of cabinet ministers the moment he was asked to form a government. Senate President Renato Schifani told the Ambassador May 14 that Berlusconi had neutralized the LN, with its heavy focus on security issues, by giving them the Ministry of Interior.

BERLUSCONI TACKLES SECURITY, TAXES, TRASH, CRIME

3. (SBU) In his first address to Parliament on May 13, Berlusconi outlined his government's priorities and called for cooperation with the opposition, saying his government would move quickly to resolve the Naples garbage crisis, abolish property tax on a family's first home (and lower taxes in general), improve public safety, increase regional control over locally-sourced tax revenues, and stimulate economic growth in the South. For the first time, Berlusconi noted the need to combat organized crime as a government priority (REF B).

4. (C/NF) Highlighting the importance of resolving the Naples garbage issue, which has evolved into a crisis of public order, Berlusconi held his first Council of Ministers (CoM) meeting in Naples on May 21, at which he created an Undersecretary position for working on the trash crisis and threatened to jail anyone blocking the movement of garbage trucks. The CoM also decided on promised tax cuts and new security measures, including specific measures against

illegal immigrants (REF C). Finance Minister Giulio Tremonti claims that lost revenue will be made up for by spending cuts and a crack down on tax evasion, but many -- including EU officials -- are skeptical. Previous Berlusconi governments ran deficits that violated EU limits.

NEARLY UNPRECEDENTED PUBLIC APPROVAL

¶5. (SBU) Polls published the last week of May indicate that between 50% and 60% of Italians approve of Berlusconi's performance to date, versus only 20% who do not. 25% of people who voted against Berlusconi give him positive marks, a remarkable statistic in Italy. The same polls indicate that an even higher percentage of Italians support the content of the decrees/draft laws approved May 21 by the CoM.

89% favor harsher penalties for drunk drivers; 87% support the elimination of property taxes on a family's first home; and 74% approve of quicker measures to expel foreigners convicted of crimes, while 58% support making illegal immigration a crime. Though opposition-leaning newspapers highlight that only 9% believe Berlusconi will solve Naples' long-running trash crisis within one month, 48% believe he will solve the crisis in under one year.

BERLUSCONI IV, REACHING ACROSS THE AISLE

¶6. (C/NF) Most analysts expected Berlusconi's victory to be narrow and cited meetings between Democratic Party (PD) Secretary Walter Veltroni's confidant Goffredo Bettini and

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Berlusconi adviser (and Undersecretary) Gianni Letta as evidence that they were planning some kind of post-election grand coalition. The scale of Berlusconi's victory made bipartisanship numerically unnecessary for all but constitutional reforms. Nevertheless, Berlusconi reached out specifically to Veltroni in his May 13 address and has made several other overtures across the aisle. For the most part, Veltroni has responded positively.

A DISORGANIZED OPPOSITION

¶7. (C/NF) Veltroni was weakened politically by the magnitude of his loss in the April 13-14 elections, as well as by the PD's loss in the key Rome mayoral race two weeks later. Veltroni has formed a British-style shadow government in opposition to Berlusconi, but former FM and PD heavyweight Massimo D'Alema refused to participate in it and has begun to challenge Veltroni on several fronts. Chamber President Gianfranco Fini told the Ambassador that D'Alema has put Veltroni "in the freezer" and will try to engineer a way to dump him next year from the PD leadership.

¶8. (C/NF) No communist or far-left parties are represented in the Italian parliament. One time Berlusconi ally Pierferdinando Casini leads a small centrist caucus, but Casini is in a difficult position politically given that most of his views are ideologically similar to Berlusconi's. Antonio DiPietro's small Italians of Value (IdV) party offers the most vigorous opposition to Berlusconi, but its size makes it of only minor significance.

COMMENT

¶9. (C/NF) Berlusconi's strong, popular start contrasts starkly with the Prodi government's two years of internal squabbling. With support even from many Italians who voted for the opposition, Berlusconi dominates the political landscape while outmaneuvering his domestic opponents at every turn. To be sure, prospects of weak economic growth, a large fiscal deficit and the reality that the Naples trash crisis could take a long time to resolve all present

significant challenges. Moreover, the opposition, both in and out of parliament, will not remain disorganized and quiet indefinitely. But for the moment, Berlusconi has started his fourth governing mandate like a statesman with potential to address many of Italy's most serious problems. END COMMENT.
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